

04578

***FAMILY SERVICES OF
TULARE COUNTY, INC.***

***FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION***

YEAR ENDED JUNE 30, 2008

FAMILY SERVICES OF TULARE COUNTY, INC.

June 30, 2008

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MORRIS, SPRAGUE, GROEN & NEESE
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Audit Committee
Family Services of Tulare County, Inc.
Visalia, California

GARY J. MORRIS
Certified Public Accountant
Partner

KEITH M. SPRAGUE
Certified Public Accountant
Partner

GREG D. GROEN
Certified Public Accountant
Partner

D. CHRIS NEESE
Enrolled Agent
Partner

We have audited the accompanying statement of financial position of *Family Services of Tulare County, Inc.* (a non-profit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Family Services of Tulare County, Inc.* as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2008 on our consideration of *Family Services of Tulare County, Inc.*'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed

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in accordance with *Government Auditing Standards* and important in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of *Family Services of Tulare County, Inc.* taken as a whole. The schedules listed in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Handwritten signature in dark ink, appearing to read "Morris Sprague, James N. Nee".

December 23, 2008

FAMILY SERVICES OF TULARE COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2008

<i>Assets</i>	
Cash	\$ 67,394
Grants receivable	240,985
Accounts receivable	131,901
Prepaid expenses	4,363
Property and equipment (net)	<u>671,463</u>
<i>Total assets</i>	<u><i>\$1,116,106</i></u>
<i>Liabilities</i>	
Accounts payable	\$ 5,622
Accrued liabilities	59,636
Notes payable	<u>339,588</u>
<i>Total liabilities</i>	<u><i>404,846</i></u>
<i>Net Assets</i>	
Unrestricted	658,272
Temporarily restricted	<u>52,988</u>
<i>Total net assets</i>	<u><i>711,260</i></u>
<i>Total liabilities and net assets</i>	<u><i>\$1,116,106</i></u>

The accompanying notes are an integral part of the financial statements.

FAMILY SERVICES OF TULARE COUNTY, INC.

*STATEMENT OF ACTIVITIES
For the year ended June 30, 2008*

Unrestricted Net Assets

Support and revenue	
Government grants	\$ 1,613,148
Foundation income	11,743
Counseling fees	415,051
Contributions	221,115
Fundraising	90,428
Other revenue	<u>21,527</u>
 <i>Total unrestricted support</i>	 <u>2,373,012</u>

Expenses

<i>Program services</i>	
Violence and abuse response intervention and prevention	1,547,519
Individual and family health and wellness	663,258
<i>Support services</i>	
Management and general	99,256
Fundraising	<u>23,691</u>
<i>Total expenses</i>	<u>2,333,724</u>
 Increase in unrestricted net assets	 <u>39,288</u>

Temporarily Restricted Net Assets

Government grants	
Increase in Federal Emergency Management Agency	4,617
Decrease in Tulare County Marriage License Fees	(5,017)
Increase AVON	16,009
Decrease in Blue Cross of California	(4,252)
Increase in restricted donations	<u>31,011</u>
 Increase in temporarily restricted net assets	 <u>42,368</u>
 Increase in net assets	 81,656
 <i>Net assets, beginning of year</i>	 <u>629,604</u>
 <i>Net assets, end of year</i>	 <u>\$ 711,260</u>

The accompanying notes are an integral part of the financial statements.

FAMILY SERVICES OF TULARE COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2008

	Program Services		Supporting Services		Total
	Violence & Abuse Response, Intervention & Prevention	Individual & Family Health & Wellness	Management & General	Fundraising	
Salaries	\$ 893,048	\$ 389,966	\$ 50,333	\$ 2,614	\$ 1,335,961
Payroll taxes	68,488	29,621	3,850	200	102,159
Insurance	112,970	45,240	11,995	188	170,393
Retirement	7,879	3,328	639	14	11,860
Administrative	6,378	3,147	2,525	694	12,744
Travel & conferences	31,682	26,855	399	39	58,975
Rent	57,837	34,700	2,210	36	94,783
Utilities & telephone	59,593	18,232	2,940	14	80,779
Supplies	45,388	10,534	6,216	15,225	77,363
Equipment rental	9,023	2,921	1,090	379	13,413
Food	3,508	0	0	0	3,508
Printing & postage	8,828	1,749	256	4,269	15,102
Dues & memberships	1,318	100	1,367	0	2,785
General insurance	7,947	3,175	2,528	11	13,661
Advertising	9,928	0	0	0	9,928
Repairs & maintenance	46,028	7,746	853	8	54,635
Educational materials	0	10,985	0	0	10,985
Client assistance	31,836	71,578	0	0	103,414
Interest	1,369	0	3,051	0	4,420
Volunteer expense	93,150	0	0	0	93,150
Employee morale	1,820	0	0	0	1,820
Accounting & auditing	10,619	3,381	1,600	0	15,600
Bank charges	0	0	3,555	0	3,555
Cash over & short	1	0	0	0	1
Personnel recruitment	1,642	0	288	0	1,930
Staff training	5,192	0	0	0	5,192
Depreciation	32,047	0	3,561	0	35,608
Total	\$ 1,547,519	\$ 663,258	\$ 99,256	\$ 23,691	\$ 2,333,724

The accompanying notes are an integral part of the financial statements.
(7)

FAMILY SERVICES OF TULARE COUNTY, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2008

Cash flows from operating activities:

Increase in net assets \$ 81,656

*Adjustments to reconcile increase in net assets to net cash
used by operating activities:*

Depreciation 35,608

Decrease in grants receivable 19,187

Increase in accounts receivable (8,230)

Increase in accounts payable 3,539

Increase in accrued liabilities 8,664

Decrease in prepaid expenses 1,747

Net cash used by operating activities 142,171

Cash flows from investing activities:

Cash payments for the purchase of property and equipment (11,742)

Net cash used by investing activities (11,742)

Cash flows from financing activities:

Principal payments on long-term debt (7,562)

Decrease line of credit (70,000)

Net cash provided by financing activities (77,562)

Net increase in cash 52,867

Cash, beginning of year 14,527

Cash, end of year \$ 67,394

Supplementary information:

Unrestricted cash \$ 14,406

Temporarily restricted cash 52,988

Permanently restricted cash 0

Total cash \$ 67,394

Interest paid during the year \$ 4,420

The accompanying notes are an integral part of the financial statements.

FAMILY SERVICES OF TULARE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

Note 1 – Nature of Activities

Family Services of Tulare County, Inc. (Family Services) is a non-profit, charitable organization formed to operate two emergency shelters and a full range of counseling services for victims of domestic violence.

The agency's current operations consist of the following programs:

1. Emergency shelter, including meals, for battered women and children. On-site case management and counseling is provided to adult residents. Child advocates assess the needs of child residents and provide education in a therapeutic setting.
2. Community-wide domestic violence crisis intervention, treatments, and prevention components include three 24 hour hotlines, legal assistance with restraining orders, individual and group counseling for children and teens impacted by domestic violence, and victim support groups.
3. Crisis intervention, prevention, and treatment for sexual assault (molest, rape) victims. Includes 24-hour hospital support, court accompaniment, and counseling.
4. Domestic violence and sexual assault community awareness and prevention programs with emphasis on teens and young adult audiences.
5. Batterer's treatment program for perpetrators of domestic violence.
6. Anger management classes for abusing parents and individuals with impulse control issues.
7. Training on domestic violence and sexual assault dynamics, issues and resources to impacted professionals such as health care providers, law enforcement, educators, and child welfare workers.
8. Parenting skills classes.
9. Individual, couples and family therapy with special emphasis on high conflict divorce and abuse and neglect.
10. Specialized individual and group counseling for the developmentally disabled including conflict management and socialization and intimacy training.
11. Supervised visitation and exchange for children at potential risk from non-custodial parent.
12. Financial assistance with emergency needs and individual and group counseling to individuals with HIV/AIDS and their families.
13. Fund raising efforts in support of the above programs.
14. Administrative and fiscal management in support of the above programs.

Note 2 – Summary of Significant Accounting Policies

Accounting method

Family Services accounts for all transactions on the accrual basis of accounting for year-end reporting purposes. The end of year accrual of accounts payable, if any, is reported through the unrestricted fund since all restricted funds have previously been spent and reported to the funding agencies.

FAMILY SERVICES OF TULARE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Financial statement presentation

In accordance with SFAS No. 117, Family Services reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted

Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted

Net assets whose use by Family Services is subject to donor-imposed restrictions that can be fulfilled by actions of Family Services pursuant to those restrictions or that expire by the passage of time. Contributions whose restrictions are met in the same year are reported as unrestricted contributions.

Permanently restricted

Net assets subject to donor-imposed restrictions that may be maintained permanently by Family Services. No permanently restricted assets were held during 2007-2008 and accordingly, these financials do not reflect any activity related to this class of net assets for 2007-2008.

Cash equivalents

For purposes of the statement of cash flows, Family Services consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Accounts receivable

Counseling fees are charged to patients on a sliding scale based on the patient's income and number of dependents. Most fees are paid at the time of service, however, prior arrangements for payments, third party reimbursements, and other exceptions do occur. It is the policy of Family Services that a patient should not be seen if they are two payments behind. Any account which has not been paid within 90 days is written off as uncollectible. A list is kept of all accounts which have been written off. If a patient returns for counseling, all prior unpaid balances must be brought up to date before an appointment will be made.

FAMILY SERVICES OF TULARE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Fixed assets

Family Services follows the practice of capitalizing all expenditures for fixed assets in excess of \$1,000 unless otherwise required by grantor agencies, the fair value of donated fixed assets is similarly capitalized. Depreciation is provided for over the estimated useful lives of the assets.

Contributions

In accordance with SFAS No. 116, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Such restricted contributions are reclassified to unrestricted net assets upon expiration of the time restriction.

Family Services follows the policy of reporting donor-imposed restricted contributions whose restrictions are met within the same fiscal year as unrestricted support.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses:

The costs of providing Family Service's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on estimates made by management.

Note 3 – Grants Receivable

Grants receivable consists of funds expended for qualifying expenditures for which reimbursement has been committed by various funding agencies. Grants receivable at June 30, 2008 consisted of the following:

Office of Emergency Services	\$ 149,994
Federal Department of Justice	19,392
Ryan White CARE Act of 1990	9,791
State Department of Health Services	20,736
United Way of Tulare County	11,749
First Five of Tulare County	14,453
Miscellaneous grants	<u>14,870</u>
Total	<u>\$ 240,985</u>

FAMILY SERVICES OF TULARE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

Note 4 – Property and Equipment

Building and improvements are depreciated over their estimated useful lives of 40 years using the straight-line method. Equipment is depreciated over their estimated useful lives of seven years using the straight-line method. At June 30, 2008 the costs of such assets were as follows:

Land	\$ 33,498
Building and improvements	744,451
Furniture and equipment	140,743
Donated fixed assets	21,969
Miscellaneous	<u>9,288</u>
	949,949
Less accumulated depreciation	<u>(278,486)</u>
Net fixed assets	<u>\$ 671,463</u>

Note 5 – Temporarily Restricted Net Assets

Temporarily restricted assets consist of those funds received from various supporting agencies for which such funds were restricted or designated by the agency for specific purposes at June 30, 2008. The restricting agencies consisted of the following:

Federal Emergency Management Agency	\$ 5,968
AVON	16,009
Restricted donations	<u>31,011</u>
Total	<u>\$ 52,988</u>

Note 6 – Donated Services

In accordance with SFAS No. 116 (see Note 2) volunteer services of a professional nature or for which Family Services would have had to purchase the services if they were not volunteered to the organization at the women's shelter have been valued in the financial statements. The donors' valued contributed services at \$93,150 recorded as Support - Contributions and as Supporting Services -Management.

Note 7 – Office of Emergency Services Grant

During the year, Family Services had five grants from the Office of Emergency Services (OES). Each grant contained a cash portion and may have required additional local matching by Family Services. The revenue and

FAMILY SERVICES OF TULARE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

Note 7 – Office of Emergency Services Grant (continued)

expenses presented in the Supplemental Schedule of Support and Expenses by Funding Source – Federal Financial Assistance under the OES column reflect only those items of income and expense attributable to the cash portion of the grants. Amounts attributable to the local matching requirements are detailed below:

	<u>Domestic Violence</u>	<u>Rape Crisis</u>	<u>Child Abuse Treatment Program</u>
<u>Personal Services:</u>			
Unrestricted fund			
In-kind volunteers	\$ 6,422	\$ 29,426	\$ 0
State of California			
Shelter relief staff	29,863		
Direct services staff			<u>30,602</u>
	<u>\$ 36,285</u>	<u>\$ 29,426</u>	<u>\$ 30,602</u>

Note 8 – Income Tax Status

The organization is exempt from federal income taxes under Internal Revenue Code Section 501 (c) (3) and state income taxes under the California Revenue and Taxation Code Section 23701d.

Note 9 – Notes Payable

Notes payable are detailed as follows:

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Mortgage payable to Citizens Business Bank for the purchase of a shelter facility in the City of Tulare. The note is payable in monthly installments, until November 1, 2010, in the amount of \$744.43 including variable interest at 5.75%. The note is collateralized by the real property in Tulare.	\$ 8,012	\$ 11,576	\$ 19,588

FAMILY SERVICES OF TULARE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

Note 9 – Notes Payable (continued)

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Line of credit payable to the Valley Business Bank, maximum available credit \$115,000 payable in monthly installments of interest only at 6.25%, a variable rate of interest 1.0% over the base rate. Principal and unpaid interest are payable on demand, or if no demand the line has been extended to June 27, 2009. The note is collateralized by a Deed of Trust on the Tulare shelter facility and all accounts, inventory, equipment, and general intangibles.	\$ 0	\$ 0	\$ 0
EHAPCD loan from the State of California for the development of the Tulare shelter. The loan term is 7 years and shall bear interest at 3%. Repayment of the loan is deferred as long as the development is used as an emergency shelter, a transitional housing facility, or a safe haven. At the completion of the initial loan term, the loan shall be forgiven. The note is collateralized by the real property in Tulare.	<u>0</u>	<u>320,000</u>	<u>320,000</u>
Total	<u>\$ 8,012</u>	<u>\$331,576</u>	<u>\$ 339,588</u>

Future minimum principal payments for the next five fiscal years are as follows:

2009	\$ 8,012
2010	8,485
2011	3,091
2012	0
2013	0
Thereafter	<u>320,000</u>
Total	<u>\$ 339,588</u>

FAMILY SERVICES OF TULARE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

Note 10 – Retirement Plan

Employees of Family Services are covered under a 403 (b) Retirement Plan. This is a tax-sheltered annuity available to all employees working a minimum of 30 hours a week and who have not yet reached retirement age. It is funded throughout the year by the organization contributing dollar for dollar employee contributions up to \$50 a month. Contributions for the year ended June 30, 2008 were \$11,860.

Note 11 – Compensated Absences

Employees of Family Services are entitled to paid vacation, and paid sick days, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. Family Service's policy is to recognize the costs of compensated absences when actually paid to employees.

Note 12 – Operating Leases

Family Services has operating leases for several of its facilities. The Hill Property agreement renews every January 1 and the Murray Street Partners lease agreement renews every two years on February 1. The property at 406 W. School is leased on a month to month basis with no future obligations. The lease expense for the year ending June 30, 2008 is \$94,783. The following is a schedule of future minimum rental payments required under operating leases as of June 30, 2008:

<u>Year Ending June 30</u>	<u>Amount</u>
2009	<u>\$ 36,823</u>
Total	<u>\$ 36,823</u>

Note 13 – Significant Group Concentrations of Credit Risk

Family Services of Tulare County, Inc. maintains its cash balances in one financial institution, Valley Business Bank. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2008, Family Services had no uninsured cash balances. It may at times during the year have significant uninsured cash balances. Family Services has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

FAMILY SERVICES OF TULARE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

Note 13 – Significant Group Concentrations of Credit Risk (continued)

Family Services of Tulare County, Inc. annually receives significant grants from the federal government that are passed through the State of California, primarily the Office of Emergency Services. The current level of Family Services operations and programs may be impacted or segments discontinued if the funding is not received.

Note 14 – Financial Instruments

The carrying amounts of cash, grants and accounts receivable, accounts payable, accrued liabilities, and notes payable meeting the definition of financial instruments approximate fair value.

Note 15 – Subsequent Event – Revolving Line of Credit

On September 18, 2008 an increase in the line of credit payable to Valley Business Bank was executed. The temporary line loan amount was increased for 90 days from \$115,000 to \$250,000 ending December 31, 2008. Interest rate is 6.250%, a variable rate of interest 1.0% over the index. The note is collateralized by a deed of trust on the Tulare Shelter facility and all accounts, inventory, equipment and general intangibles.

Note 16 – Subsequent Event – Transitional Housing Facility

Family Services of Tulare County, Inc. is in the process of acquiring two duplex units in the City of Tulare. The total cost is approximately \$590,000 financed by an Emergency Housing and Assistance Program Capital Development deferred loan in the amount of \$590,000.

SUPPLEMENTAL INFORMATION

FAMILY SERVICES OF TULARE COUNTY, INC.

*Supplemental Schedule of Support and Expenses
By Funding Source-Federal Financial Assistance
For the year ended June 30, 2008*

	Office of Emergency Services	Ryan White CARE Act of 1990	Housing Opportunities for People with AIDS	Federal Emergency Management Agency	Department of Justice	Total
Support						
Government grants	\$ 489,937	\$ 52,538	\$ 56,284	\$ 15,224	\$ 106,459	\$ 720,442
Total support	<u>489,937</u>	<u>52,538</u>	<u>56,284</u>	<u>15,224</u>	<u>106,459</u>	<u>720,442</u>
Expenses						
Salaries	299,336	16,026	8,494	0	41,292	365,148
Payroll taxes	22,814	1,182	656	0	3,159	27,811
Insurance	36,657	2,362	1,358	0	3,971	44,348
Retirement	2,631	59	4	0	593	3,287
Travel & conferences	11,606	0	0	0	1,657	13,263
Local Program Mileage	2,101	250	60	0	2,169	4,580
Rent	21,799	1,075	804	2,790	1,336	27,804
Utilities & telephone	19,698	796	615	8,226	7,907	37,242
Supplies	26,163	266	188	0	6,111	32,728
Equipment rental	2,751	131	109	0	1,128	4,119
Food	0	0	0	2,604	0	2,604
Printing & postage	3,675	31	34	0	142	3,882
General insurance	1,306	112	98	0	353	1,869
Repairs & maintenance	10,124	349	271	1,604	3,927	16,275
Client assistance	0	27,987	43,593	0	31,753	103,333
Advertising	9,589	0	0	0	0	9,589
Dues & membership	941	0	0	0	0	941
Personnel recruitment	1,078	0	0	0	0	1,078
Accounting & auditing	4,000	350	0	0	840	5,190
Administrative expense	13,668	1,562	0	0	121	15,351
Capital expenditures	0	0	0	0	0	0
Total expenses	<u>489,937</u>	<u>52,538</u>	<u>56,284</u>	<u>15,224</u>	<u>106,459</u>	<u>720,442</u>
Excess revenue	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

*The accompanying notes are an integral part of the financial statements.
(17)*

FAMILY SERVICES OF TULARE COUNTY, INC.

**Supplemental Schedule of Support and Expenses
By Funding Source-State and Local Grants
For the Year Ended June 30, 2008**

	State Department of Health Services	State Office of Child Abuse Prevention	State Office of Emergency Services	County of Tulare	Tulare Co. Health & Human Svc Agency	Tulare Early Intervention Program	Tulare County Superior Court	City of Visalia	State Cigarette Tax Program	Tulare County Sheriffs Department	State Department of Housing & Community Development	Total
Support												
Government grants	\$ 273,593	\$ 30,000	\$ 77,638	\$ 53,608	\$ 158,070	\$ 2,562	\$ 44,899	\$ 10,000	\$ 144,561	\$ 69,264	\$ 28,511	\$ 892,706
Total support	273,593	30,000	77,638	53,608	158,070	2,562	44,899	10,000	144,561	69,264	28,511	892,706
Expenses												
Salaries	176,967	21,423	47,077	34,952	95,072	1,836	39,452	0	94,474	43,718	11,845	566,816
Payroll taxes	13,532	1,634	3,601	2,672	7,224	141	3,018	0	7,085	3,345	986	43,238
Insurance	26,123	3,733	8,660	3,240	12,138	178	1,942	0	6,974	5,827	639	69,454
Retirement	1,725	190	542	257	469	34	187	0	678	0	0	4,082
Travel and conferences	3,637	0	1,208	0	340	0	0	0	2,357	781	0	8,323
Local Program Mileage	4,842	0	31	0	14,176	0	0	0	400	2,930	0	22,379
Rent	7,715	348	1,255	1,059	5,873	86	0	10,000	5,976	3,406	0	35,718
Utilities & telephone	11,418	149	1,144	704	4,462	69	0	0	3,733	2,847	0	24,526
Food	905	0	0	0	0	0	0	0	0	0	0	905
Client assistance	0	0	0	0	0	0	0	0	0	0	0	0
Supplies	2,772	285	1,412	267	7,152	21	0	0	12,017	1,409	0	25,335
Equipment rental	679	18	1,172	117	782	13	0	0	455	373	0	3,609
Printing & postage	2,013	53	97	68	305	2	0	0	515	226	0	3,279
General insurance	1,511	175	1,035	285	1,011	9	0	0	610	242	0	4,878
Repairs & maintenance	3,453	106	649	2,465	1,249	33	0	0	1,875	777	0	10,607
Advertising	339	0	0	0	0	0	0	0	0	0	0	339
Volunteer expenses	0	0	0	0	0	0	0	0	0	317	0	317
Accounting and auditing	1,590	400	250	375	500	0	300	0	500	414	41	4,370
Administrative expenses	14,372	1,486	9,505	2,680	7,317	140	0	0	6,912	2,652	0	45,064
Capital expenditures	0	0	0	4,467	0	0	0	0	0	0	15,000	19,467
Total expenses	273,593	30,000	77,638	53,608	158,070	2,562	44,899	10,000	144,561	69,264	28,511	892,706
Excess revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of the financial statements.
(18)

FAMILY SERVICES OF TULARE COUNTY, INC.

*Schedule of Expenditures of Federal Awards
For the year ended June 30, 2008*

	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identification Number</u>	<u>Federal Expenditures</u>
<u>Department of Justice</u>			
Passed through the State of California Office of Emergency Services			
Grant fiscal year ended June 30, 2008	16.575	DV07211248	\$ 150,332
Grant fiscal year ended June 30, 2008	16.575	RC07161248	151,503
Grant fiscal year ended September 30, 2007	16.575	AT06031248	58,110
Grant fiscal year ended September 30, 2008	16.575	AT07041248	<u>110,317</u>
			<u>470,262</u>
 Grant fiscal year ended September 30, 2008	 16.588	 SA06091248	 <u>19,675</u>
			<u>19,675</u>
 Total Office of Emergency Services			 <u>489,937</u>
<u>Department of Justice</u>			
Passed through the Violence Against Women Office	16.736	n/a	<u>106,459</u>
 Total Department of Justice			 <u>596,396</u>
<u>Department of Health and Human Services</u>			
Under the Federal Health Resources and Services Administration passed thru California Department of Health Service-Office of AIDS to the Tulare County Health Services Department			
07-08 Grant fiscal year ended March 31, 2008	93.917	03-75935	35,801
08-09 Grant fiscal year ended March 31, 2009	93.917	06-55779	<u>16,737</u>
			<u>52,538</u>
Total Federal Health Services Administration			<u>52,538</u>
Total Department of Health and Human Services			
<u>Federal Emergency Management Agency</u>			
Under the Emergency Food and Shelter Program passed through Community Services & Employment Training			
Grant fiscal year ended September 30, 2007	83.523	25-0922-00	1,350
Grant fiscal year ended September 30, 2008	97.024	26-0922-00	<u>13,874</u>
			<u>15,224</u>
Total Federal Emergency Management Agency			
<u>Department of Housing and Urban Development</u>			
Passed through California Department of Health Service-Office of AIDS to the Tulare County Health and Human Services Agency			
Grant fiscal year ended June 30, 2008	14.241	04-35627	<u>56,284</u>
			<u>56,284</u>
Total California Department of Health Services			<u>56,284</u>
Total Department of Housing and Urban Development			
Total Federal Financial Assistance			<u>\$ 720,442</u>

The accompanying notes are an integral part of the financial statements.

FAMILY SERVICES OF TULARE COUNTY, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2008

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Family Services of Tulare County, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

FAMILY SERVICES OF TULARE COUNTY, INC.

*Statement of Costs Claimed and Accepted
For the Period July 1, 2007 through June 30, 2008*

	Exhibit 201 Costs Claimed	Per Audit			Costs Questioned	Costs Recommended for Disallowance
		Costs Accepted				
		Actual	Matching	Total		
	<u>201</u>					
Grant Number DV07211248 (07/1/07 – 6/30/08)						
Personal Services	188,833	152,548	36,285	188,833		
Operating Services	34,069	34,069	0	34,069		
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
Totals	<u>222,902</u>	<u>186,617</u>	<u>36,285</u>	<u>222,902</u>	0	0
Grant Number RC07161248 (7/1/07 – 6/30/08)						
Personal Services	155,023	125,597	29,426	155,023		
Operating Services	55,332	55,332	0	55,332		
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
Totals	<u>210,355</u>	<u>180,929</u>	<u>29,426</u>	<u>210,355</u>	0	0
Grant Number SA06091248 (10/1/06 – 9/30/07)						
Personal Services	15,342	15,342	0	15,342		
Operating Services	4,333	4,333	0	4,333		
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
Totals	<u>19,675</u>	<u>19,675</u>	<u>0</u>	<u>19,675</u>	0	0
Grant Number AT06031248 (10/1/06 – 9/30/07)						
Personal Services	40,483	38,006	2,477	40,483		
Operating Services	22,581	22,581	0	22,581		
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
Totals	<u>63,064</u>	<u>60,587</u>	<u>2,477</u>	<u>63,064</u>	0	0
Grant Number AT07041248 (10/1/07 – 9/30/08)						
Personal Services	152,382	124,257	28,125	152,382		
Operating Services	24,185	24,185	0	24,185		
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
Totals	<u>176,567</u>	<u>148,442</u>	<u>28,125</u>	<u>176,567</u>	0	0

*REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133*



MORRIS, SPRAGUE, GROEN & NEESE
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

GARY J. MORRIS
Certified Public Accountant
Partner

KEITH M. SPRAGUE
Certified Public Accountant
Partner

GREG D. GROEN
Certified Public Accountant
Partner

D. CHRIS NEESE
Enrolled Agent
Partner

*Audit Committee
Family Services of Tulare County, Inc.
Visalia, California*

We have audited the financial statements of *Family Services of Tulare County, Inc.*, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered *Family Services of Tulare County, Inc.*'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the *Family Services of Tulare County, Inc.*'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Family Services of Tulare County, Inc.*'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, appearing to read "Morris Sprague Green". The signature is fluid and cursive, with the first name "Morris" being the most prominent.

Visalia, CA
December 23, 2008



MORRIS, SPRAGUE, GROEN & NEESE
Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

GARY J. MORRIS
Certified Public Accountant
Partner

KEITH M. SPRAGUE
Certified Public Accountant
Partner

GREG D. GROEN
Certified Public Accountant
Partner

D. CHRIS NEESE
Enrolled Agent
Partner

*Audit Committee
Family Services of Tulare County, Inc.
Visalia, California*

Compliance

We have audited the compliance of *Family Services of Tulare County, Inc.* (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. *Family Services of Tulare County, Inc.*'s major federal program is the Office of Emergency Services for Victims of Crime (VOCA). Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of *Family Services of Tulare County, Inc.*'s management. Our responsibility is to express an opinion on *Family Services of Tulare County, Inc.*'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about *Family Services of Tulare County, Inc.*'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on *Family Services of Tulare County, Inc.*'s compliance with those requirements.

In our opinion, *Family Services of Tulare County, Inc.* complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

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Internal Control Over Compliance

The management of *Family Services of Tulare County, Inc.* is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered *Family Services of Tulare County, Inc.*'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of *Family Services of Tulare County, Inc.*'s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, board of directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Visalia, CA
December 23, 2008

FAMILY SERVICES OF TULARE COUNTY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR'S RESULTS

For the year ended June 30, 2008

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses(es)? yes X none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes X no

Identification of major programs: CFDA 16.575 CRIME VICTIM ASSISTANCE

CLUSTER: N/A

Dollar threshold used to distinguish between type A and type B programs: \$300,000

- Auditee qualified as low-risk auditee? X yes no

FAMILY SERVICES OF TULARE COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION I – SUMMARY OF AUDITOR'S RESULTS
For the year ended June 30, 2007

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes X no

Identification of major programs: CFDA 16.575 CRIME VICTIM ASSISTANCE

CLUSTER: N/A

Dollar threshold used to distinguish between type A and type B programs: \$300,000

- Auditee qualified as low-risk auditee? X yes no